Industrial Distribution

January 1984

Hotline:
Labeling regulation poses problems for distributors

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People, Places, Markets

Also in this issue:

- **Preview: SIDA Annual Convention**
- **Product Showcase Review: Power Tools**

CUTTING TOOL SHOWCASE
(PULL-OUT SECTION)

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CONTENTS

January, 1984
Vol. 74 No. 1/74th yr.
A Technical Publishing publication

Industry News

7 UniSource West merges with Bosler Supply creating a nine unit distributor chain; Expected growth for industrial robots market to exceed 20% a year; SK Hand Tool Corp. changes hands but not existing practices; Plans for new confederation of associations bared at NEID annual convention; Second straight decline for oil and gas field; Political hotline: Call to Action; Suppliers merge as Beltservice Corp. acquires Fabricon Inc.; Indicators.

Cover Story

45 **People, Places, Markets**
Business emigration to the south and west has slowed . . . more industry and commerce are staying in place and generating new opportunities for distributors and other services in those markets.

Feature Articles

39 **82nd Annual SIDA Convention**
SIDA's program planners see current progress in technology and the present upturn as two good reasons to review and rethink selling in 1984.

55 **Strictly for Salesmen . . .** Remember not to forget

57 **Power Tool Review**
ID conducted a nationwide survey for an update on power tool sales. Happily, sales across the U.S. are trending upward.

63 **Hotline**/Labeling regulation poses problems for distributors

CT1 **CUTTING TOOL SHOWCASE . . .** a pull-out insert
Latest in *ID*'s series of merchandising guides, this pull-out insert has everything you need to know to profit from these consistent best-sellers.

149 *ID*'s Quarterly Inflation Index

153 *ID* Article Index—July to December, 1983

157 **Capsule Sales Concept**/Reading for profit

Marketing/Operations Ideas

161 Multi-level mezzanine flow-rack system features quick installation; Electronic scale has bar code scanner; How to improve your inventory management; 31 successful methods used in closing a sale; Ready-to-use package of business boosters; Avoiding the financial drain of worker stress; Step up shipping while cutting down its cost; Business encyclopedia has 20,000 entries; Management methods outlined in book.

Departments

17 Reader Service Card
23 Meetings
25 Washington Report
31 Readers Write
33 Regional Report
35 Like It or Not
174 We Were There
177 New Products
179 Reader Service Card
200 In Print
206 Appointments
210 Classified Advertising
211 Advertisers' Index
212 Talk of the Trade

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INDUSTRY NEWS

UniSource West merges with Bosler Supply creating a nine unit distributor chain

CHICAGO—Bosler Supply Co. has formed a joint venture with the part of Columbia General Corp.'s subsidiary Systems UniSource called UniSource West. The new company, called The Bosler Group and headed by Jordan Hecktman, unites nine industrial distribution companies in Wisconsin and Illinois. Five units of Systems UniSource have combined with Bosler Supply and its subsidiaries to form the group, stated Hecktman, Bosler Supply's president, at a recent luncheon of supplier representatives.

The Bosler Group represents approximately $50 million in annual sales, carries about 80,000 line items and has a total inventory valued at over $10 million. It is a partnership equally owned by Systems UniSource and Bosler Supply and will be managed primarily by Bosler Supply personnel.

The Systems UniSource units involved in the venture had been the company's western division. Systems UniSource will continue to run its UniSource East companies, stated company president Earl F. Hauserman.

The systems UniSource companies participating in the venture are Harris & Lee Industrial Supply Inc., with locations in Chicago, Rockford and Waukegan, IL; Tools & Abrasives Inc., with locations in Milwaukee and Oshkosh, WI; Couch & Heyle Inc., Peoria; Jacobson & Daw, Peoria, and Twin States Industrial Supply, Moline, IL. The other participants in the venture are Bosler Supply Co., Chicago, and its subsidiaries Industrial Supply Co. and Industrial Service Center, North Aurora, IL and Tools For Industry Inc., Milwaukee.

An equal partnership

Explaining that this venture is not a divestiture on the part of Columbia General, company president Edward O. Boshell Jr. told the group that no side was selling out to the other. "What we have done is taken the operating assets of a group of companies owned by Columbia General's Systems UniSource and put them together with the operating assets of Bosler Supply's companies forming an equally owned joint venture."

Boshell stated that the financial strength of the combined companies should allow The Bosler Group to move from its current $50 million annual sales level to $100 million in annual sales without any additional outside financing. The newly formed company will eventually be looking to expand into other locations, he said.

75 supplier reps were introduced to newly formed marketing group by Jordan Hecktman (podium), includes A. Baron, S. Bulmash and Jeffrey Hecktman.

Calling the joint venture "what we think will be the most exciting marketing venture of the decade," Hecktman said that the newly combined entity, The Bosler Group, "essentially doubles our capacity and our warehouses. Our market penetration, our sales expertise and our in-house computer technology have yet to be seen in our marketplace."

When asked if The Bosler Group would continue to handle all of the product lines carried by its various companies, Hecktman responded that there were minimal conflicts within supplier lines.

"I will honor the integrity and commitments of all of the existing groups, their specialized lines and their distribution packages," he said. "It is my intent, and the intent of our management group, to honor the individual commitments where they exist and not upset long standing business relationships."

[continued on page 9]

Expected growth for the industrial robots market to exceed 20% a year

NEW YORK—The United States industrial robots market is expected to exceed 20% a year real growth before leveling off at the end of the decade, pushing the market to $900 million by 1992, according to a Frost & Sullivan report entitled "Industrial Robot Markets in the U.S."

The growing robot market will benefit those industrial distributors carrying component parts used in the construction of robots since many robot makers purchase parts from distributors (ID: June, 1983).

Increasing technical capabilities will lead to wider robot usage in areas such as arc welding, deburring and assembly, and the expansion will come on a market base of $500 million in 1982, the report says.

Of the 50,000 robots of all types in service in the U.S. today, 80% are pick-and-place manipulators and this percentage will decline as more capable industrial equipment takes over, the study noted. By 1992 this market segment will not exist.

Intelligent, reprogrammable, robots are the manufacturing eyes and hands of the future and growth rates should rise past 20% a year to as high as 40% a year in the reports highest growth scenario.

"Many of the applications such as spot welding and material handling that fueled early growth will saturate," the report predicts, but technical gains in vision and tactile systems will help new applications such as arc welding and assembly expand "to such an extent that their growth rates will begin to dominate the overall growth rate in the industry."

Significantly higher growth rates are foreseen among some of the ancillary market segments. Devices for robotic vision

[continued on page 13]

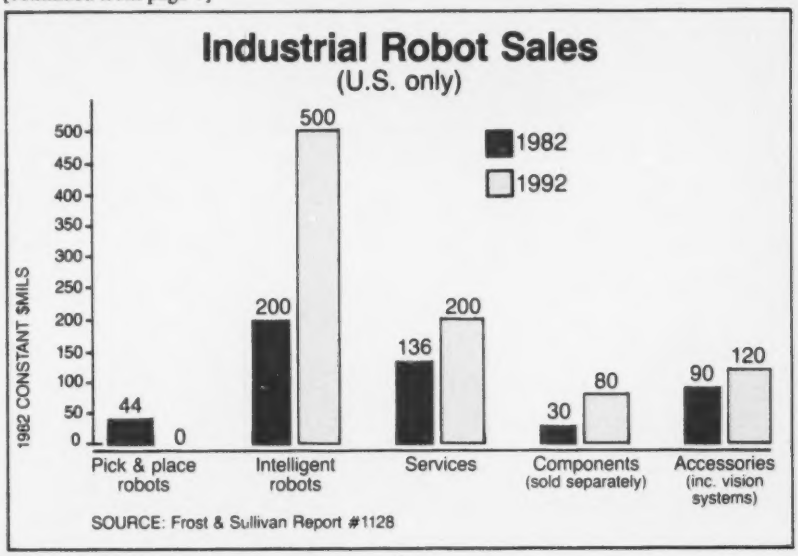
though slower growth over the next decade.

The report found that, just as the market for rotary drilling machinery and equipment expanded more rapidly than other market segments during the 1980-81 drilling boom, the 1982-83 contraction was also more pronounced in this segment of the industry. Manufacturers' sales declined by nearly 11% in 1982 to $3.8 billion, and a further drop of more than 23% brings 1983 sales down to around $2.9 billion.

Over the long-term, however, sales of rotary drilling machinery and equipment are expected to post healthy gains, increasing at a compound average annual rate of 15%. Approximately 9% of this increase will be volume growth, with the remainder due to price increases. In dollar terms, this will result in sales of $15.5 billion by 1992.

Growth in the market for relatively less sophisticated non-rotary drilling machinery and equipment will be somewhat slower, as the search for oil and gas continues to take producers into increasingly hostile environments. Currently pegged at $323 million, annual growth rates averaging 14% throughout the coming decade should bring sales in this submarket to $1.2 billion by 1992. □

[continued from page 7]



and tactile systems, among the robot accessories submarkets, should achieve growth rates of 50-100% a year. However, the Frost & Sullivan analysis warned of chaotic growth and a future of consolidation and dropout of firms in these areas.

Components, such as direct-current servo-motors, resolvers and controllers, are expected to increase volume at a rate of 25% a year, faster than the overall market. □

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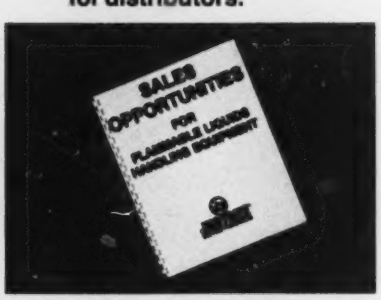

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INDUSTRY NEWS...

Great Lakes Hydraulics acquires Infi-Drive line

GRAND RAPIDS—Great Lakes Hydraulics has recently acquired the Infi-Drive hydro-viscous adjustable-speed product line from the U.S. Motors division of Emerson Electric. The Infi-Drive is a variable speed drive that works on a hydro-sheer principle, ranges from 3 to 700 horsepower, and is available in a variety of controls.

"This move will insure continuation of full service for prospective customers and the owners of existing Infi-Drives," said Arthur J. Apkarian, president of Great Lakes Hydraulics.

Infi-Drive operations in Durant, OK and Milford, CT, are being centralized in Grand Rapids, the location of Great Lakes Hydraulics' home office.□

Suppliers merge as Beltservice Corp. acquires Fabricon Inc.

ST. LOUIS—Beltservice Corp., a fabricator of cleated and specialty belting and a large wholesaler of conveyor belting, has acquired Fabricon Inc. of Portland, OR, a manufacturer of cleated and sidewall belting.

"This move combines two very excellent, experienced staffs of people, brings together complementing strengths and expanded product lines, pools research and development efforts, as well as accounting functions and financial resources," said Richard G. Engelsmann, vice president, Beltservice.

"Duplicate costs of tooling, machinery, promotional advertising and field sales expenses will be eliminated," he added. "It is expected that these factors will result in savings to the customers and improved service from our locations around the country."

Service to customers will be available from St. Louis, Portland, Charlotte, NC, and Sacramento.

"Our goals are faster delivery, lower freight costs, greater variety of cleated and other belting specialties offered, and greater technical expertise and service levels on the corrugated sidewall belting," Engelsmann said.

James A. Meyer, formerly president and owner of Fabricon, will remain as a consultant to the company. William R. Engelsmann, president of Beltservice, will function as president and general manager of Fabricon during a transition phase.

"Certain changes in sales, marketing and manufacturing will be made over the next few months to achieve the synergism we expect," Engelsmann said. □

Indicators . . .

Although some indicators are down or slowing, most indexes show gains. These mixed statistics may be the result of a slowing economy. For the first time in four months the *NIDA-SIDA Industrial Distribution Index* fell as it moved from September's 121.6 to October's level of 119.0. The midwestern region showed a slight gain, up 0.3 points, while all other regions declined. The *NIDA-SIDA Industrial Supply Inflation Index* moved up to 154.9 in October, a 0.8% increase over September's 154.5 . . . According to the *SIDA Monthly Sales Trend Report*, sales showed an improvement of 2.22 points for September over the previous month. September had sales 18.54 points above September, 1982 and year-to-date figures have this year 0.02 points ahead of last year . . . The *ASMMA New Order Index* was up to 105.0 for September, an increase of 0.9 points, or 0.9%, from the previous month . . . New machine tool sales by distributors were up 21.9% in September from the previous month and the *Distributors New Orders Trend* posted a 4.6% rise from its August level, according to the American Machine Tool Distributors' Assn. A 30.3% rise in metal cutting machine tool sales was responsible for September's upswing . . . According to the National Machine Tool Builders Assn., net new orders increased by 14% in September over October totals, and shipments were up 19% . . . U.S. consumers remain optimistic about the economy while their buying plans dropped off somewhat, reports The Conference Board, as its *Buying Plans Index* dropped to 107.8 in October, down almost six points from September's 113.5 reading, and the *Consumer Confidence Index* registered 85.2, up from September's 84.8 level . . . The *Welding Supply Index*, compiled by the National Welding Supply Assn., registered 159.5 for September, up 4.0 points from the previous month. The September reading was the highest level of the year . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* stood at 103.6 for September, down 3.1 points from the previous month. However, average daily sales for September were up 2.5% when compared to August.

REGIONAL REPORT

Sales up through October

October sales increases have continued in double digits when compared nationally to 1982 figures. The accelerated growth rate began with July's increase of 10%, followed by 14% in August, 12% in September, and 13% in October.

Of the regions reporting, double-digit gains were recorded in the Middle Atlantic, South Atlantic, East North Central and West South Central groupings. None of the regions reported negative figures. In the areas reporting, the figures were equally positive, with Upstate New York showing a 19% increase, and Pennsylvania up 14%.

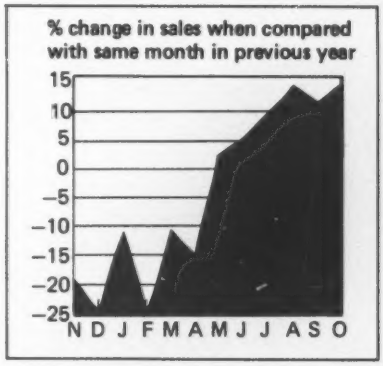
Month-to-month reporting, however, has indicated some weaknesses. For the U.S., October '83 was down 1% compared to September '83, with spotty minus signs appearing in some regions as well as areas of the country. These figures are slightly more negative when compared with those of September. Five of the seven regions reporting figures for October, were negative. The other two regions, East North Central and West South Central were up only 3% and 5% respectively.

The first 10 months of '83, when compared with the like period of '82, indicate a mixed picture with 0 or even averaging out for the U.S. Nevertheless, these figures represent a substantial comeback in distributor business in the third quarter of '83.

Although increases in receivables have been recorded for several regions of the country in October, the average for the U.S. remains virtually unchanged. □

RECEIVABLES*	Oct. '83 Gen.	Oct. '83 Spec.	Oct. '82 Gen.	Oct. '82 Spec.
New England	43	41	48	42
Middle Atlantic	47	44	43	44
South Atlantic	38	37	38	38
East North Central	39	47	37	53
East South Central	42	43	—	—
West North Central	38	35	36	38
West South Central	—	—	—	—
Mountain	—	—	—	—
Pacific	38	39	37	43
National	41	41	40	43

*Average days outstanding



October sales sustain growth . . .

SALES BY REGIONS (% change)	Oct. '83 vs Sept. '83 Gen.	Spec.	Both	Oct. '83 vs Oct. '82 Gen.	Spec.	Both	1st 10 mos. '83 vs 1st 10 mos. '82 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+5	−10	−3	+7	+2	+5	−4	+8	+1
Connecticut	+14	—	—	+7	—	—	−7	—	—
Massachusetts	+9	—	—	+7	—	—	−2	—	—
MIDDLE ATLANTIC: NY, NJ, PA	−7	+1	−2	+9	+11	+10	−9	−4	−6
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	+4	+1	+2	+22	+16	+19	−7	−5	−6
Pennsylvania	−8	+3	−1	+20	+11	+14	−2	+9	+5
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	−4	−2	−3	+12	+9	+10	+2	+11	+6
Georgia-Florida	—	—	—	—	—	—	—	—	—
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	+1	+6	+3	+24	+24	+24	+8	+5	+7
Indiana	+1	—	—	+21	—	—	+20	—	—
Wisconsin	−1	+10	+7	+13	—	—	+4	+8	+6
Chicago	—	—	—	—	—	—	—	—	—
Michigan	+8	—	—	—	—	—	+3	—	—
Ohio	−1	—	—	—	—	—	—	—	—
EAST SOUTH CENTRAL: AL, MS, KY, TN	−5	—	—	+6	—	—	−1	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	−5	−3	−3	+2	+6	+5	−15	−9	−10
WEST SOUTH CENTRAL: AK, LA, OK, TX	+12	+3	+5	−3	+24	+18	—	−21	—
Texas	+10	—	—	+15	—	—	−21	—	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	+10	—	—	+13	—	—	−16	—
PACIFIC: CA, OR, WA	+5	−9	−1	+2	+16	+7	−12	+9	−5
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	+5	−14	−4	+3	+4	+4	−12	−4	−5
U.S. TOTALS	0	−1	−1	+12	+13	+13	−2	+2	0

People, Places, Markets

For years, manufacturing and population have been emigrating south and west, badly depleting established markets for goods and services. The trend has slowed and more industry and commerce are staying in place, drawing new business, and generating new opportunities for distributors and other services in those markets.

The decade of the 80's, just four years old, has thus far been dominated by economic shifts that are altering the industrial composition of the country. While certain new industries accelerate their growth, other, long-established industries, are in a state of decline. This places industrial distributors, with some exceptions, in a difficult position.

Most industrial distributors are small businessmen, have little or no marketing departments to conduct studies on regional manufacturing trends, and have been servicing a few large 'bread-and-butter' companies for years, not having had to concern themselves with new or changing markets, until the past recession changed this way of thinking. Difficult as this is, the harder reality of incorporating changes lies ahead.

The fallout from the sharp and prolonged recession can now be seen more clearly. Although some industries have managed a recovery, others seemed destined never to return to the level of business they had before. Some relocation of low technology or smokestack industries, with the accent now on low-cost production of manufactured goods, have already taken place, with more in the offing. Additionally, new industries built around high technology have sprouted up around the country, putting distributors in a quandary as to future business plans. In the past, new markets meant new customers, while allowing distributors to pretty much hold on to their same product lines. However, many of the new customers appearing in today's marketplace have different product needs. Should the distributor wait for the return of business in the markets he has dealt with in the past, or alter his product lines to service some of the needs of these new high-tech enterprises?

In order to gain some perspective on the changing industrial markets in the U.S., ***ID*** has gathered the latest available data on trends and coupled it with information from distributors in some of the hardest hit and some of the most prosperous areas of the country.

This report: *People, Places, Markets* is intended to furnish some insights into where the major changes are occurring, how this is affecting some given regions, and where some of the new opportunities lie.

Market changes: lost and found.

Waiting for the lost business to return after the past recession could turn out to be like waiting for the stock market to recover after the crash of '29.

This took many years to happen, and there were plenty of ups and downs along the way. Still, new opportunities came out of the ruins, and the same can be expected from the recent recession. Although some markets declined, new ones are being discovered.

Looking west to Oregon, the severe downturn in the lumber industry, due primarily to the slump in housing, impacted heavily on regional distributors, especially in the Portland area. Heinz Nowak, president, Fluid Air Components, Portland, recounts how his company suddenly lost a lot of business, and fought back quickly to hold on to what was left.

"We deal in hydraulic equipment," says Nowak, "and understand the different phases in the cycles between OEM's and users. The users went down first, but we hung on to the OEM's because they were still working off backlogs. But when they went down, business was gone—and I mean gone! We quickly started a program focusing on the MRO part of the user business. In addition, we put our emphasis on an electro-hydraulic system that could offer the user a payback in about six months time; in other words, the kind of system they would be looking for in hard times. A lot of would-be customers were interested but didn't have the cash, so we set up a down payment system with progressive payments spread out over a year. The payments were based on how much additional recovery they were getting out of the product. It worked beautifully for us. If we hadn't done this, I don't know where we would have gone because the OEM's still haven't come back!"

Nowak states that his company is now more aggressive than ever, finding new markets in specialty mobile equipment and forest products. "Still," he says, "we're in a recovery phase. I have no idea when expansion will occur."

Although Fluid Air Components laid off personnel to cut costs, as many other distributors in the area did, Nowak points out that you can only cut back to the core. "If you drop some of your core group of employees,' concludes Nowak, 'you may irreparably hurt your company and therefore your chances of ever recovering your lost business."

Hilarie Turner, president, McGuire Bearings Co., Portland, worries about Oregon's future business climate. "The state of Oregon has lost some business in this recession, which is understandable, but what bothers me is we don't have any big ones moving in. I believe this is because of Oregon's *Unitary Tax Law* (see box). You just can't discourage business at a time like this. Today, every company wants and needs to be a low-cost producer, and the less tax you pay, the better your company's going to look."

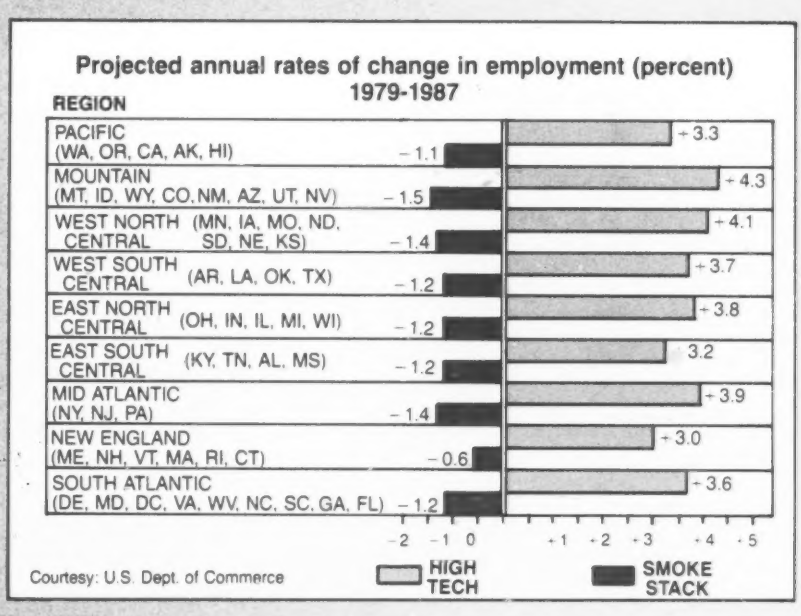
As for his own business, bearings and power transmission products, Turner boasts of having had a good recession year, an exception to the rule in the area. "We're a small company compared to our competitors, and instead of the big lumber companies, we have the small appliance and maintenance accounts. When the recession got hot, we went after the big markets after first striking some very good deals with our suppliers. We knew they would want to lock us up for the coming months, and we invested a sizable amount of cash to get good, discounted inventory. As the lumber companies were looking to reduce costs in the recession, we got their business. None of the other distributors around could match our prices."

Turner, like Nowak at Fluid Air Components, laments the decline of the OEM's. "We lost them completely," he says. "They just shut down. Some of them are now into repairs and we get a little business, but it's nothing like before." Most large lumber companies have some OEM in-house capabilities, he points out, and until the demand is extreme, they can take care of their own OEM needs.

Snow Belt vs. Sun Belt

Before the recession set in, the popular consensus had it that a mass exodus of manufacturing companies moving from Snow Belt states to Sun Belt states would soon be taking place. Advantages such as lower costs for real estate, labor and taxes made the exodus sound natural and inevit-

[continued on page 49]



Courtesy: U.S. Dept. of Commerce

A regional country-wide profile report on the distribution of employment in both high-tech and smokestack industries reveals employment gains in the high technology sector and a decline in the smokestack industries.

During the recession, the smokestack sector lost a near 378,000 jobs in contrast to a growth figure of 296,000 jobs in the same 1979 to 1983 period for high-tech. The decline in the smokestack sector is based on forecasts of industry output (see chart).

Sections of the country showing a loss in smokestack industry employment will face persistent financial problems as the need for social services increases more rapidly than the tax base. Jobless blue collar workers, with a decline in union membership due to unionized regions experiencing slow growth, will be competing for white collar jobs. The result would decrease the proportion of higher-paying blue collar jobs and increase the proportion of lower-paying blue and white collar jobs.

A region to be sharply affected is the East North Central which employs 50% of the total U.S. smokestack employment. With a change of −1.2 percent in employment projected annually, on average, through 1987, the inclusive states will find that the increase in high-tech industry there will not compensate for the loss of smokestack industry jobs. Between 1979 and 1983, 177 thousand jobs in the smokestack sector were lost in contrast to the expected 97,000 jobs in high-tech.

Significantly, the shifts of employment are not only from region to region throughout the U.S., but also within each state. Although new jobs in the high-tech sector are estimated to make up for lost jobs in the smokestack sector, some states will be divided between the two industries. For example, the Mid-Atlantic region has a combined high technology-smokestack employment growth of 2.25% which results from an annual decline of 1.5% in the smokestack sector and an increase of 4% in the high-tech sector. As an industry picks up in one city and a neighboring smokestack city loses its hold, these shifts in industry will directly affect the services provided by distributors. Distributors will find themselves confronting not only new customers, but customers requiring a different type of product.

The consolidation of industry, closing of plants, and industries which fall victim to foreign competition all diminish the prospects for distributors who deal with end-users of the smokestack industries. Distributors must tap new markets and follow the high-tech industry into new areas. Distributors keyed to market research and who watch the shifting economic trends in their area should research state and local government fiscal policies; state-regulated employment costs; labor costs; and the availability and productivity of the labor force. Proposed changes in these policies could also indicate an area's changing industry.

For a distributor, the loss of a smokestack industry in a given region could very well be compensated by the rise of a high-tech industry. A review of the growing industries (see chart) will help in determining what industries are opening up versus those that are lagging behind in the economy.

Changes in regional employment are greatly affected by the mix of manufacturing output. A review of 10 high-tech and eight smokestack industries (see chart) indicates a severe decline in the smokestack industries.

Steel mill products will suffer the greatest losses of employment through 1987. With depressed steel prices and high production costs, the steel industry can expect losses on steel production resulting in an attempt by steel manufacturers to reduce costs in labor and in manufacturing operations.

Most high-tech industries grew throughout the recession and are projected to expand at increased rates. The most significant increase is in computing and office equipment, which rose in the first quarter of 1983 16% above their comparable level in 1982, reflecting recoveries in major foreign markets.

'. . . distributors will soon be confronting customers with sophisticated demands.'

The only high-tech industry which shows a negative figure is plastics materials and synthetic rubber, with a decline of 3.8% through 1983 and 4.2% through 1987. Lagging demand in plastics materials weakened price increases and profits continue to suffer. Consumption of plastics materials depends widely on the performance of the construction, automotive, and housing markets which are important plastics end-users.

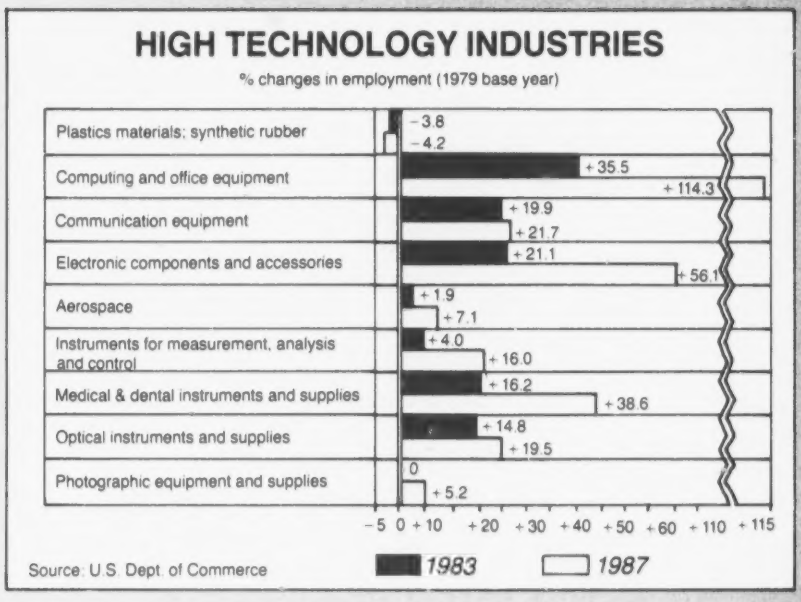
Those industries which traditionally lag economic recovery include construction machinery and machine tools; in the metalworking industries low capacity utilization rates and intense foreign competition are causing severe problems.

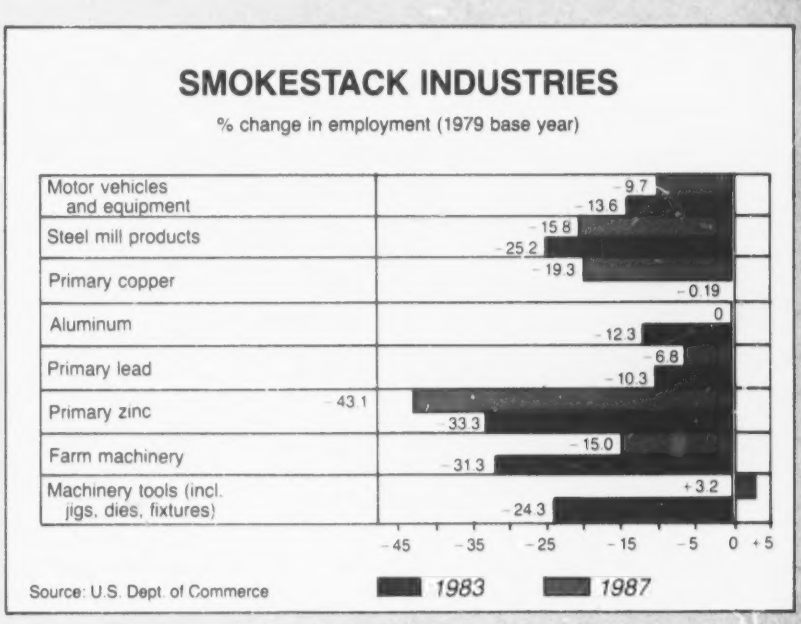
Motor vehicle and equipment shows less of a decline through 1987 than through 1983 due to the 1983 reduction in gasoline prices which stimulated an increase in demand for larger automobiles. The expected growth in autos will favorably affect supplier industries including steel, aluminum, rubber and plastics materials.

Improvement in construction activity is having positive effects on the lumber industry as well as for household furniture and household appliances. Preliminary estimates for lumber shipments during the first quarter of 1983 exceeded first quarter 1982 by about 35 percent. U.S. lumber imports have accounted for about 30% of U.S. lumber consumption during the past few years.

Shipments in 1983 of farm machinery and equipment fell 44% below the record year of 1979. Retail sales dropped steadily and excessive inventories accumulated. The Department of Agriculture's payment-in-kind program has had a negative effect on this industry. Figures in this industry suggest that it may be years before industry production reaches previous levels.

With the decline in the smokestack industries and the rise of high technology, distributors will be confronting a more sophisticated customer than before, with more sophisticated product demands. High technology, as evidenced in the charts, is the major growth industry of the '80s, and is spreading rapidly throughout the country. The Silicon Valley of California has spilled over into Oregon and Arizona. Route 128 in Boston, the Silicon Valley of the East, has moved into New Hampshire and is spreading throughout New England. Distributors who learn about high-tech operations now, will discover the line of products they can carry that are most suitable for this industry. Certain high-tech product requirements could provide distributors with the product mix they are going to need in order to increase market share in their area.





[continued from page 47]
able. Some companies made the move, but during the recession the 'mass exodus' amounted to a trickle. The question now is: Will this movement now pick up steam? If it does, can distributors replace lost business, or will they be forced to move too? Also, is another option feasible, such as distributors keeping their business ties to customers who relocate a few hundred miles away?

Brent Meizlish, president, Buckeye Industrial Supply Co., Columbus, OH, a cutting tools and abrasives specialist, tried following one of his good customers to the south. "You can do it for awhile," he states, "but eventually a southern distributor will be able to serve your customer a lot better than you can. The only way you can serve your customers effectively and efficiently is if you have enough of them concentrated in a given area. The trouble is that the plants in the south are few and far between. You can go to just one account and waste a whole day's worth of calls. It's just not profitable."

Joel H. Shapiro, president, J&L Industrial Supply Co., Detroit, a specialist in cutting tools, accessories and mechanics tools, has similar views as Meizlish. "Unless you go into a metropolitan area like Houston, Dallas, or Atlanta, you won't get enough business out of a local area to warrant trying to cover it, or for opening up a branch operation, for that matter. In any branch operation, the local area has got to carry the operation without dependence on a city more than 60 miles away. As for my own area, I think Detroit is still better than any city down south as far as population and manufacturing are concerned."

Robert E. Nyrop, president, Baldwin Supply Co., Minneapolis, whose company carries both electric and electronic products as well as power transmission, rubber and plastic products, is both trying to keep old customers and to court new customers and markets at the same time. "We'll travel to keep old customers," Nyrop says, "that is, if they have not moved clear across the country. But we are realists. We must have new markets, and we don't think they're all going to be in the Sun Belt states either. There is always talk around here that this is an expensive area for manufacturers to operate in. But in spite of this, high-tech companies continue to start up their operations here, and we have to include them as part of our future business."

Distributors seem reluctant to conclude that new areas of the country are attracting businesses once firmly established in other areas, in meaningful numbers. They may be right. Although high-tech companies are certainly moving into areas such as Florida and Georgia, many are new concerns, and few are smokestack companies relocating their manufacturing facilities. In addition, cities such as Orlando are becoming congested with traffic, have rising taxes as well as real estate costs, and are thereby becoming less desirable. However, no evidence at present suggests that the decline in smokestack industries has abated, and though the recession is behind us, attrition, consolidation, and in some industries, especially steel, plant closings continue.

Limited options

Specialists hit in the heavier smokestack areas appear to have fewer options than do general liners in the same area. T.A. Unckrich, president, Detroit Pump & Mfg., reacted to the drop in business activity in his area by reorganizing his entire sales force, cutting costs, cutting salaries, etc. This specialist, providing pumps for the auto and support industries such as paper and steel, had the advantage of good, lean inventory, which helped to get his company through hard times. The situation appears grim, now that the dust has cleared. Says Unckrich, "Michigan has lost 10% of its business. They're gone. This means that for us, there's no other way to get back the business we had except to gain a greater market share of the remaining business out there. This isn't going to be easy."

In Peoria, IL, William H. Keenan of Barrett Industrial Supply Co., specializing in cutting tools abrasives and fasteners, reveals that most of his customers have moved out of here or gone out of business. There's still 50% unemployment in this area, he says. Faced with dwindling sales on into the future, he opted to change his product mix and seek new markets.

"We're stocking for contractors now," he states, "something we've never done before. I'm afraid we don't have much choice. We're carrying cement trowels, masonry anchors, anchor bolts, etc. What we need above all are new companies to move in—but I don't know if they will. Those who have moved out complained that the workmen's compensation laws make it very expensive to conduct business."

Among the general liners in the hard hit areas, there may be more markets still around, but here too their options are limited.

Leo Mulligan, president, B.D.I./Flack, Dayton, OH, was hired specifically to replace the company's last president and "get things moving."

"We carry hundreds of products such as drilling and milling machines, lathes, chemical lubricants for the steel industry, tools and abrasives," says Mulligan. "We primarily serve the sheet metal industry. Looking at our lineup of products, I decided that the future is not about to open up with a flurry of new product spending and we would be better off concentrating on consumables—items that are used and replaced. I guess you can call us an MRO company now—and it's already beginning to pay off."

J.G. Reardon, President, Bramaw Dow & Co., Boston, a pipe, valve, fitting specialist, believes New England was hit less severely than other parts of the country. "Nevertheless," says Reardon, "we found it necessary to broaden our customer base. We went from commodity PVF to specialties such as fiberglass and plastic PVF, plus actuator valves. We also started a valve repair operation. We have not seen any new markets, and we lost a few of the old ones, but we're doing more business with the people we know and have known over the years."

South gettting stronger

Stanley Webb, president, Webb Bolt & Nut, Orlando, remembers when, 30 years ago, he was only the third distributor in the state of Florida. "Today," he says, "I'm one of 127 fastener distributors in the state."

Webb claims that as far as his business goes, there was no recession at all. "We supply MRO hardware to the building industry," he states, "and new companies have been pouring in here all year."

Among the new companies opening up facilities in Orlando are Westinghouse and Burroughs. The big companies help bring the smaller, sub-assembly companies in, Webb points out, which is good for the fastener business. The detriments are the rising costs of real estate, labor and taxes, plus traffic congestion. Webb doesn't like it, but for the prosperity it is bringing to the area, "I'll live with it," he says.

William R. Ziegler, president, Ziegler Tools, Inc., Atlanta, a general line distributor, saw only a slow movement of manufacturing companies to the Atlanta area before the recession, and hopes this trend will now resume and accelerate. "We have a lot of headquarters here for the *Fortune 500* companies," says Ziegler, "but not a great deal of manufacturing." In fact, the growth in the Atlanta area has been more in the white collar, high-tech area, than in new or relocated manufacturing companies.

Through the recession, Ziegler Tools continued to take on new product lines, recalls Ziegler. "Our philosophy has been not to seek new markets, but to broaden our lines and sell more to the same customers," he says. As for high-tech products, Ziegler sees a natural transition.

"Our customers will get as sophisticated as any other country in modernizing their means of manufacturing," he states, "and

we'll furnish them with high-tech products the same as we've furnished them with other related groups of products through the years." Ziegler points to one of his new supplier's products, the Bausch and Lomb digital readout, which has applications on lathes and milling machines. "This ties in perfectly with our philosophy which is to go after those product lines that will help us to do a better job with the customer we're already working with, regardless of the technology involved."

This philosophy of William Ziegler and Ziegler Tools is important, we believe, in order for industrial distributors to stay and grow with their customers. Applying Ziegler's philosophy to stay and grow with the established customers even in depressed areas could significantly aid the turnaround for regional distributors. With the heavy industries turning more and more to high-level automation such as robotics, a distributor can continue to service his old customers with the new families of products. The criterion, it appears, is to inventory what the customer may need despite the level of high-tech, not whether the product fits in with established inventories or specialties.

Growth projections

The upturn in American industry in '84 is expected to open up new opportunities for the distributor. Whether he carries old line products, imports, or high-tech products, business is slowly returning to life across the country. The discovery of new markets for the same products, the carrying of high-tech products for new industries, whatever his choice, the object is, of course, to keep his business going and growing.

Certain states offer advantages that may have already caused industries to move there. The emphasis for industry is on competition, and the opportunity for successful competition lies in bringing prices down, i.e., being a low-cost producer. As long as the inflation rate is down, this emphasis will remain, and states offering favorable economic conditions should get the major share of new business in the '84 recovery.

Florida and Texas are the highest ranking states in terms of having healthy business climates, according to a list compiled by Bernard E. Ury Assoc., Inc., public relations consultants, Chicago. Major factors affecting "healthy business climates" have shifted from easy means of transportation and local supportive industries to economic factors contributing to low cost production. In addition to labor, real estate and taxes, energy consumption has become significant—especially in large facilities. This gives the Sun Belt states a distinct advantage, although energy-saving equipment is being added in most plants operating in winter climates.

One of the largest growing industries in the country, and in the world, is CAD/CAM: computer-aided design/computer-aided manufacturing. This market will grow to over $2 billion in 1984 from $1.6 billion in 1983. Companies in New England such as Lexidata and Computervision have grown rapidly, as have Intergraph Corp. in Huntsville, AL, and McDonnel Douglas Automation Co. in St. Louis.

Although CAD/CAM is almost purely an electronics system, new as well as enlarged plants require all the initial equipment, as well as maintenance equipment and repairs as do other plants. In addition, product manufacturing requires both standard and special tooling which distributors could easily carry and sell.

The resumption of business in home buildings and autos bodes well for some of the most depressed areas of the country. In the interim, both the steel and auto industries have made heavy commitments to robots. As robots are 65% mechanical and only 35% electrical/electronic, distributors have a rare opportunity here in supplying replacement gears, motors, couplings, hose and other familiar service components. It is envisioned that the modern plant of the not-too-distant future will have CAD/CAM systems controlling robots. CAD/CAM furnishes the design and direction, robots carry out the work.

Other states up near the top in business climate ranking include North Carolina, South Carolina, North Dakota, Georgia and Arizona. Down near the bottom are Illinois, Oregon, Ohio, New York, Pennsylvania, Rhode Island and Michigan.

Overall, the statistics bearing on losses and gains in manufacturing jobs show smokestack industries declining throughout the country, as high tech employment gains. Significant in terms of distributor orientation is the dispersion of high-tech companies and jobs throughout the country. In addition to the well-known Silicon Valley in Northern California, and the high-tech area of Route 128 near Boston, virtually every state in the country will see a growth in high-tech industries and employment. In addition to computers and CAD/CAM, medical electronics and the communication equipment markets are booming. Georgia, Maryland, New York and New Jersey are important states in these markets.

The continued strength of the dollar should hurt American manufacturers again in '84 as imports will find a strong market; any significant growth in inflation will give imported products added impetus. Exports continue to dwindle, despite the resumption of growth in several European countries emerging from recession. □

Distributors' stake in state Unitary Tax Laws

State Unitary Tax Laws are a means by which a state can gain income from a corporation not just on its revenues derived within the state, but on revenues gained from its operations in the rest of the U.S. and, in some cases, the rest of the world.

At present, twenty-three states impose some form of unitary taxation by taxing companies based on U.S. earnings. Twelve states tax a corporation's worldwide earnings. According to John Krystofik, senior manager, Peat, Marwick, Mitchell & Co., New York:

"Usually, Unitary Tax Laws work to the detriment of large corporations, making them reluctant to move into states where they exist. Although every state has a system of taxation that's peculiar to that state, most Unitary Tax Laws are similar. A corporation's sales, property and payroll within the state, are compared to its sales, property and payroll outside the state, and percentages in each category are arrived at. The state usually adds up these percentages and divides by three, giving them the final figure. This is known as the apportionment formula."

According to Krystofik, California, Oregon, Illionis, Florida and some 19 other states now have Unitary Tax Laws, although in Florida, a move has already begun in its legislature to repeal the law.

The lost business for distributors in a state having unitary tax laws could be substantial. Not only would a large, multinational manufacturing company be a potential customer for the distributor, so would the related businesses—the multitude of subcontractors that would be drawn in with them.

Those states that do not have unitary taxes stand to gain, for they should be the winner in most contests for the construction of new plants by the multinationals.

Unitary Tax Laws have been tested in the U.S. Supreme Court and found constitutional.

ID's QUARTERLY INFLATION INDEX

Although 17 of the 32 commodity groups in the *Silver/ID* Index declined in the third quarter of 1983, an unusually large increase in the plastic group caused the composite index to rise by 0.4%, or at an annual rate of 1.6%. The *NIDA/SIDA Index* of 10 commodity groups, which doesn't include plastic products, declined by 1.2% for the third quarter, or at an annual rate of minus 4.8%. Based on the first three quarters of 1983, the annual rate of inflation for 1983 will be 2.1% according to the *Silver/ID Index*, but only 0.9% according to the *NIDA/SIDA Index*. Again, the entire difference is attributable to the 14% rise in plastic products for the third quarter (an annual rate of 56%!), which temporarily distorts our index. (Table 2).

In 1982 our index rose by 2.6%, and the *NIDA/SIDA Index* by 3.0%. In 1981 our index rose by 8.9%, and in 1980 by 11.1%.

As business in the smokestack industry is now picking up, prices will probably begin to rise as they are in other sectors of the economy where the business pickup started earlier.

Table 1 shows how a more substantial rising rate of inflation has paralleled the recovery to date in some of these other industries. The *Consumer Price Index* rose at an annual rate of 4.8% for the third quarter (for the second quarter the rise was a strong 6.4%), and the annual rate for 1983 based on the first nine months is projected at 4.3%. For the prior 12 months it was 2.9%.

Based on the first nine months of 1983, the *Silver/Wholesaler Index* of plumbing products projects a 1983 inflation rate of 4.4%, almost double the 2.3% rate for 1982. The *Electrical Marketing Index* projects a 1983 inflation rate of 4.5%, also almost double the 2.9% of 1982.

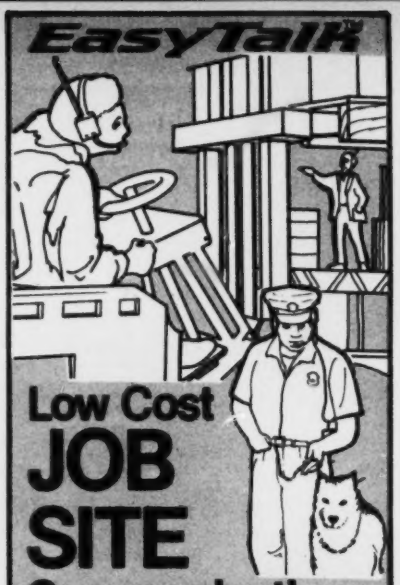
Compiled by Alan Silver Associates, Inc., Highland Park, NJ

Table 1—Comparing inflation indexes

	*BLS inflation rates (%)			
	Current qtr 9/83 vs 6/83 annualized	Year-to-date 9/83 vs 12/82 annualized	12/83 vs 12/82	12/82 vs 12/81
Silver/*ID* index of 33 industrial product groups	1.6%	2.1%	1.6%	2.6%
NIDA/SIDA index of 10 industrial product groups	−1.2%	0.9%	0.5%	3.0%
**PPI index of industrial commodities	2.4%	0.9%	1.4%	1.6%
Avg. of above indexes	0.9%	1.3%	1.2%	2.4%
**PPI index of finished goods (indl/agric)	0.2%	0.0%	1.3%	3.6%
Silver/Wholesaler index of 19 lines (plmgb/htng)	2.0%	4.4%	3.6%	2.3%
Electrical Marketing index of 24 product groups	5.2%	4.5%	5.0%	2.9%
***NAED inflation index: 16 product groups	4.8%	7.7%	6.4%	4.8%
Consumer Price Index	4.8%	4.3%	2.9%	3.9%

*Bureau of Labor Statistics (1967 = 100)
**Producers Price Index (formerly Wholesale Price Index)
***National Assn. of Electrical Distributors (non-BLS) (1973 = 100)
NOTE: All figures are based on BLS unadjusted indexes unless otherwise noted. For the first quarter of each year, the first two columns of figures will be alike. For all other quarters, the first column will be the last quarter annualized, and the second column of figures will be current year-to-date annualized. Upcoming reports will follow the above format.

[continued on page 151]



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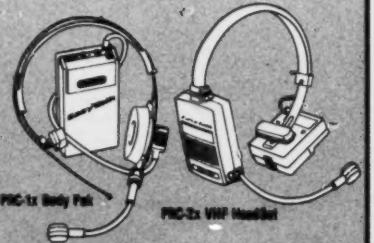

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Table 2—ID quarterly inflation index (1967 = 100)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Product category	Current qtr 9/83	Previous qtr 6/83	% inflation	Current qtr. annualized %	Year-to-date 9/83 vs 12/82 %	Year-to-date 9/83 vs 12/82 annualized %	Last 12 months	4th qtr 82	4th qtr 81	Annual inflation 82 %
Industrial oil	368.7	368.7	0.0	0.0	−1.1	−1.5	0.8	372.9	359.8	3.6
Prepared paint	264.5	265.1	−0.2	−0.8	−0.2	−0.3	−0.2	265.1	256.7	3.3
*Rubber belts & belting	329.5	330.5	−0.3	−1.2	−1.4	−0.5	1.2	328.1	312.3	5.1
Other misc. rubber products	305.2	302.6	0.9	3.6	3.7	4.9	2.6	294.3	277.6	6.0
Plastic construction products	169.9	149.1	14.0	56.0	11.0	14.7	14.2	153.1	153.4	−0.2
Semi-finished steel products	371.1	369.7	0.4	1.6	0.7	0.9	0.2	368.7	347.5	6.1
Wire & cable	203.8	205.4	−0.8	−3.2	2.9	3.9	1.6	198.1	206.7	−4.2
Electric wire & cable	103.2	102.0	1.2	4.8	3.2	4.3	—	100.0	—	—
Building wire & cable	107.9	109.1	−1.1	−4.4	7.9	10.5	—	100.0	—	—
Builders hardware	289.0	287.5	0.5	2.0	6.0	8.0	6.4	272.6	266.1	2.4
*Hand tools	345.4	344.8	0.2	0.8	1.0	1.3	0.9	342.1	323.3	5.8
*Misc. metal products	287.7	287.4	0.1	0.4	−0.3	−0.4	−0.6	288.7	281.4	2.6
Industrial safety eq.	134.3	133.6	0.5	2.0	2.8	3.7	3.0	130.6	125.1	4.4
*Bolts, nuts, screws & rivets (fasteners)	266.6	266.7	−0.04	−0.16	−1.3	−1.7	−1.0	270.0	269.3	0.3
*Power-drive hand tools	220.4	221.1	−0.3	−1.2	−0.5	−0.7	−0.6	221.6	214.7	3.2
Welding machines & eq.	273.0	272.8	−0.1	−0.4	−0.04	−0.05	0.0	273.1	270.0	1.1
*Cutting tools & accessories	275.3	276.1	−0.3	−1.2	1.2	1.6	1.3	272.1	263.9	3.1
Precision measuring tools	245.5	246.4	−0.4	−1.6	1.7	2.3	2.3	241.5	233.1	3.6
*Abrasive products	303.7	307.1	−1.1	−4.4	1.8	2.4	1.8	298.4	285.7	4.4
Metal cutting machine tools	377.5	378.1	−0.2	−0.8	1.3	1.7	1.5	372.7	359.1	3.8
Metal forming machine tools	415.5	415.6	−0.02	−0.08	0.9	1.2	1.2	411.8	389.2	5.8
Pumps, compressors & eq.	345.8	347.4	−0.5	2.0	−0.7	−0.9	−0.6	348.2	338.2	2.9
Fluid power eq.	253.8	253.4	0.2	0.8	2.0	2.7	3.2	248.9	234.0	6.4
*Industrial material handling eq.	285.3	285.0	0.1	0.4	−0.6	−0.8	−0.2	286.9	284.6	0.8
*Mechanical power transmission eq.	315.6	315.5	0.03	0.12	1.2	1.6	0.2	312.0	306.6	1.8
*Metal valves, (except fluid power)	99.5	100.2	−0.7	−2.8	−0.5	−0.7	—	100.0	—	—
*Metal pipe fittings	100.8	101.6	−0.8	−3.2	0.8	1.1	—	100.0	—	—
Ball & roller bearings	332.2	330.6	0.5	2.0	−0.9	−1.2	−0.9	335.3	321.6	4.3
Plain bearings	263.5	263.5	0.0	0.0	2.5	3.3	0.9	257.0	271.6	−5.4
Wiring devices	336.6	336.9	−0.1	−0.4	2.7	3.6	3.3	327.8	318.9	2.8
Electrical instruments	274.8	271.9	1.1	4.4	4.9	6.5	6.7	261.9	243.8	7.4
Electric motors	—	304.5	—	—	—	—	—	298.8	284.1	5.2
Generators & generator sets	—	343.0	—	—	—	—	—	331.1	359.8	−8.0
*NIDA/SIDA composite	296.3	297.3	−0.3	−1.2	0.7	0.9	0.5	294.2	285.5	3.0
Silver/ID composite	289.9	288.7	0.4	1.6	1.6	2.1	1.6	285.2	278.1	2.6

*Included in NIDA/SIDA composite

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NOTE

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February 1984

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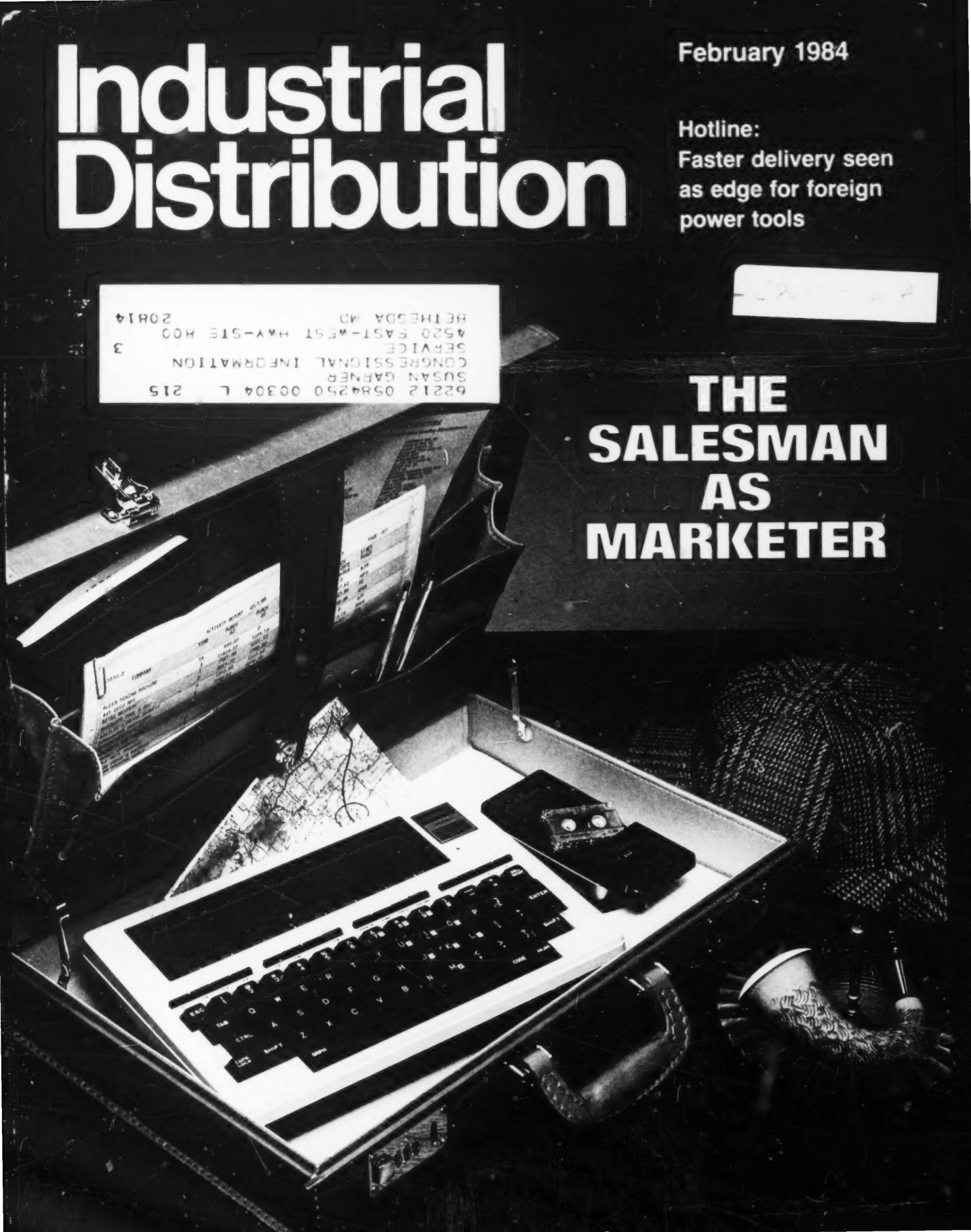

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CONTENTS

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Industry News

7 Customs eases labeling regulation for industrial fastener distributors; Studies see turnaround in some industrial distributor markets; The Conference Board and NAPM predict a healthy 1984; Sandvik restructures and elects new officers; D.S. Goodwin steps up to presidency at Ace Industrial Hardware; Hilty named president of Newcomer Products; Indicators.

Cover Story

39 **The salesman as marketer**
The advent of new technology and methods for evaluating and penetrating markets make it mandatory that the new pro in the field not only sells but acts as manager of his territory.

Feature Articles

45 **Hotline/Faster delivery seen as edge for foreign power tools**

49 **EDP Software Fair:** New opportunities for distributors seen in advanced software packages.

55 **Strictly for Salesmen . . .** Bite your tongue!

57 **Computer Update**

60 **Capsule sales concept**/Homework in the office.

Marketing/Operations Ideas

62 The Cooper Group sponsors various programs for 1984; Program shows how to gain competitive edge; Parcel manifest system updates shipping room; 90 dockleveler models in illustrated catalog; Lifetime protection on a-c motor drives; Flow chart added to training in fasteners; Book covers money, finance management; Modern techniques and tools for order-picking.

Departments

9 Reader Service Card
21 Washington Report
25 Readers Write
27 Meetings
29 Regional Report
31 Like it or Not
69 We Were There
72 New Products
79 In Print
83 Reader Service Card
87 Appointments
91 Classified Advertising
91 Advertisers' Index
92 Talk of the Trade

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INDUSTRY NEWS...

The Conference Board and NAPM predict a healthy 1984

NEW YORK—Economic projections from both The Conference Board, here, and the National Assn. of Purchasing Management, Oradell, NJ, call for 1984 to be a positive year and to outdo 1983.

The Conference Board expects the U.S. economy to register steady, continuing growth in 1984 and remain recession-free for the year, according to a report from the The Board's annual economic forum. NAPM's prediction that the 1984 economy will be better than 1983 came as part of its 26th semiannual economic forecast.

The nation's real Gross National Product is expected to climb by 5.4% this year. The Conference Board said, and inflation, as measured by both the Consumer Price Index and the Producer Price Index, is projected to rise by 4.9%.

"The economy we foresee for 1984 marks a change of gears from 1983," said Conference Board chief economist Albert T. Sommers. "We see no local explosions and no virtuoso performances in any sector of the economy next year. Instead, we expect a broadly distributed expansion, as distinguished from the powerful but not fully coordinated recovery of 1983."

According to The Board's economic forecast, real capital spending is expected to rise about 7%, the U.S. Industrial Production Index should advance by 9.8%, and corporate profits before taxes are expected to reach $251 billion.

Declining inflationary pressures are key reasons for the bullish 1984 outlook. Stable energy prices, a further dip in unit labor costs, rising productivity and the deflationary impact of a high-priced U.S. dollar are expected to be restraining influences on prices this year.

The current level of production is very similar to two years ago, according to NAPM's economic forecast, which is based on data compiled from replies to various questions asked of purchasing managers of

[continued on page 17]

Conference Board Economic Forum Projections

	1982	1983	1984	Rates of Change 1982/1983	Rates of Change 1983/1984
Gross National Product (Billion $)	$3,073.0	$3,311.1	$3,654.7	+7.7%	+10.4%
Real Gross National Product (Billions of '72 $)	$1,485.4	$1,536.0	$1,618.2	+3.4	+5.4
Consumer Price Index (1967 = 100)	289.1	298.4	313.1	+3.2	+4.9
Producer Price Index* (1967 = 100)	280.7	285.8	299.7	+1.8	+4.9
Industrial Production Index (1967 = 100)	138.6	147.6	162.1	+6.5	+9.8
Corporate Profits Before Tax less IVA (Billion $)	165.8	200.9	250.8	+21.2	+24.8

*Finished Goods

Customs eases labeling regulation...

[continued from page 7]

We believe that this box could be labeled and is not exempt," Customs stated.

Distributors may be forced to use two labels, one on the front and one on the back, for some smaller packages.

Those containers of repackaged fasteners too small for any legible label need not be marked, according to Customs. However, an exemption must be applied for through a U.S. Customs district director (See the accompanying listing).

In reaching its decision regarding fastener distributors, Customs reported on some of the specific difficulties that resulted from full compliance of the regulation. "In order to accurately identify the repackaged contents, commingling must stop," a study noted. "This will result in a vast increase in the warehouse space needed to accomodate a further breakdown of fastener size and variety into source country of origin. Because repackaged assortments are constantly in flux, labels for the new containers would also be in constant flux. Additional man-hours would be required to track the country of origin of every nut and bolt from keg to repackaged assortment. Complex recordkeeping and supervision would also be needed."

Sidney Goodwin, president, Ace Industrial Hardware Co., Camden, NJ, feels that *Regulation 19 CFR 134.25* is good for the country and will help protect those distributors and customers who want to sell and buy American products.

"I think the ruling is right for the country at this time because we realize that we are losing our manufacturing capabilities," Goodwin said.

Not all distributor reaction to the Customs ruling has been positive. Commented Lloyd Hersch, president, Metropolitan Fastener Distributors Assn.: "Although we are going to have to live with this ruling, we are not very happy with it. It is still going to cost a lot of money to repackage our goods."

Enforcement of the new marking rules will be difficult, said Hersch, who is president of Federal Screw & Supply Corp., New York City. "I am afraid that a lot of my competitors are still going to sell foreign goods and not package them according to law. I do not think the government has enough people to be able to police this," he said. □

Sandvik restructures and elects new officers

FAIR LAWN, NJ—Sandvik Inc. has realigned its corporate structure and elected a new slate of officers. The firm has become a holding company, M.D. Hassialis, board chairman, said, and will provide generalized corporate services to its specialized product groups, Sandvik Coromant, Sandvik Steel and Process Systems.

"The reorganization conforms to the revamped structure of the parent, Swedish-based Sandvik AB," Hassialis said. "It is designed to position us to more effectively penetrate the increasingly competitive American market and better serve our expanding list of customers."

Robert W. Schiessler has been named president of Sandvik Inc., succeeding Donald E. Debacher; and Bert A. Fernaeus was elected executive vice president of Sandvik Inc. in addition to his recent appointment as president of Sandvik Coromant. □

INDUSTRY NEWS...

1984 Predictions . . .

[continued from page 12]

250 industrial companies. The capacity utilization at members' companies has improved in the last year and a half. 27% are operating at 90% of capacity or above, a change from 19% last May. Based on this optimistic forecast, operating levels are expected to improve from these levels.

By a margin of six to one, reporting members feel that the first quarter of 1984 will be better than the final quarter of 1983. Seventy-seven percent predict the first half of 1984 will be better than the last half of 1983, while 6% think it will be worse. Members predict by a margin of 14 to 1 that the second half of 1984 will be better than the first half.

There may be some price moves ahead, but no severe pressures, according to reporting members. Eighty-five percent feel prices will be higher in the first six months of 1984, while 15% think they will be lower. Ninety-seven percent feel these price increases will be slight or moderate, and three percent predict they will be severe. They also predict the increases will be selective (78%) rather than across the board (22%). □

Certification program offered by Unbrako

JENKINTOWN, PA—Unbrako Div., SPS Technologies, a socket screw manufacturer, is offering customers a product certification program that assures conformance to industry standards and provides product traceability.

Under this certification program, all Unbrako socket screw products are shipped in sealed boxes bearing a unique certification number and the statement: "The material covered by this certificate has been tested in accordance with and has been found to meet the applicable requirements for the material, including any specifications forming a part of the description. Test reports are on file subject to examination."

By using the assigned certification number, a customer can obtain all test results for material chemistry and mechanical properties along with complete traceability back to the steel manufacturer.

Prior to this program, it was necessary for the customer to request a certificate of conformance at the time the order was placed.

"The objective of this new program is to give both distributors and users an even greater level of confidence than was available to them before," said Charles Filippone, president, Unbrako Div. "Unbrako is putting its reputation for quality and integrity right on the box for distributors and customers to see." □

F. Brayton is the new head of the Fauver Co. as J.W. Fauver retires

DETROIT—John W. Fauver has retired from his position as chairman and chief executive officer of the Fauver Co. and is succeeded as chief executive officer by company president Frank Brayton.

Fauver **Brayton**

Fauver, son of the company's founder, began his affiliation with the company in 1946 when he joined the firm as a sales engineer. He accepted the responsibilities of chief executive officer and president in 1975, and assumed the position of chairman in 1981.

A past president of the National Industrial Distributors Assn. and a current board member of this organization, Fauver is also a trustee of the Fluid Power Educational Foundation.

New chief executive officer Brayton has been associated with the Fauver Co. for 20 years. He joined the company as a junior sales representative, was subsequently appointed sales engineer and was then selected to establish the firm's Canadian operations.

Brayton was elected vice president of the Fauver Co. in 1977 and the following year became executive vice president and a member of the executive committee. He continued in this capacity until receiving his appointment to the presidency. □

D.S. Goodwin steps up to presidency at Ace Industrial Hardware

CAMDEN, NJ—D. Stuart Goodwin is the new president of Ace Industrial Hardware Co. following a corporate change in which his father, Sidney Goodwin, moved up to chairman of the family-owned business.

In taking over the reins of the company, the new president reported that, "the basic operation of the company will remain the same, while we give special attention to growth opportunities. In that vein, we are in the process of expanding our product lines. We are also getting ready to implement an aggressive marketing campaign."

According to the senior Goodwin, founder of the firm in 1948, "After 35 years, I felt it was time to turn over the day-to-day control of operations here. Stuart has literally grown up on the business and I have every confidence that he will do an outstanding job." □

Distributors urged to attend ASMMA's Gov't Affairs Conference

CLEVELAND—Citing the importance of a session on "How Industrial Distributors Can Sell to the U.S. Government," the American Supply & Machinery Manufacturers' Assn. has urged distributors to attend the *1984 ASMMA Manufacturers/Distributors Government Affairs Conference.*

The conference will be held in Washington's Madison Hotel on March 14-15, and will also feature briefings by senatorial, congressional, and White House Representatives.

Another session, entitled, "A New Industrial Policy," will include important news for both manufacturers and distributors, according to ASMMA, who suggests that those interested in attending get and send in a registration form as soon as possible, as there is a limit of 150 registrants.

The registration fee is $200 for all ASMMA, NIDA & SIDA members, plus $100 to register a spouse. The fee includes five meals and two receptions. For more information and a registration form, write to ASMMA, 1230 Keith Bldg., Cleveland, OH, 44115-2180, or phone 216-241-7333.

Butterworth elected new president of Loctite Corp.

NEWINGTON, CT—The new president of Loctite Corp. is Kenneth W. Butterworth, it was announced at the company's annual shareholders meeting. In addition to his new position, Butterworth continues in the role of chief operating officer, responsible for the company's operating groups, its new business development function, and its industrial manufacturing organization.

Butterworth had previously been president of Loctite's International Group, and

INDUSTRY NEWS...

prior to that president of the company's European Group, headquartered in Paris.

Before joining Loctite in 1976, Butterworth was managing director of Bearing Service Co., the Australian distributor of Locite products. □

Hilty named president of Newcomer Products

LATROBE, PA—Edward S. Hilty has been named president of Newcomer Products Inc., a manufacturer and supplier of metal cutting carbide inserts and specialty cutting tools.

Hilty has been serving as president of Carbidie, a division of Amstar Technical Products Co. He had been with Carbidie since 1968 and was chief executive officer of that company for the past five years. Earlier he had been associated with Youngwood Electronic Metals Inc., and, before that, with Oberg Manufacturing Co. □

Garrity and Scott move up as Porter changes management

PITTSBURGH—The board of directors of H.K. Porter Co. have elected Keith R. Garrity as chairman and chief executive officer of the company. Garrity's former position of president and chief operating officer of Porter will now be handled by Robert M. Scott.

Garrity is also a member of the board of directors of Fansteel Inc. and Missouri Portland Cement Co., in addition to being chairman and chief executive officer of these companies.

Scott was previously vice president and general manager of Porter's Thermoid Div. He joined Porter in 1967 and has served in various management capacities including general product manager, Midwest region manager, general sales manager, rubber group, and works manager, Bellefontaine, OH, works. □

C.R. Wendell becomes new president of Teledyne Firth Sterling

PITTSBURGH—Teledyne Inc. has promoted Charles R. Wendell to president of Teledyne Firth Sterling, a manufacturer of carbide products for the metalworking, die and wear, and earth drilling industries. Wendell had been president of Teledyne Penn Union, and electrical connector producer, for the past five years.

Wendell is a registered professional engineer and holds a B.S. degree in metallurgical engineering. He is also a member of the American Society of Metals. □

Market turnarounds . . .
[continued from page 7]

3.1% a year.

Near-term outlook for demand received a significant boost in 1983 with the enactment of the Surface Transportation Act, the study stated.

Municipal and other governmental use constitutes 17% of the market in the 75 cfm and above category. The largest enduse segment is the heavy construction industry, accounting for 57% of the market. Mining and energy development uses represent 15% of the market and should show an increase this year, according to the report.

Homeowners and hobbyists dominate demand in small-capacity compressors, representing 42% of the total market. The light construction industry, commercial/industrial users and the farm segment roughly split most of the balance, accounting for 19%, 18% and 17% respectively.

The market outlook by type of compressor shows a continuation of the trend toward increased domination by rotary screw models.

The U.S. market for pumps and valves used to handle hazardous liquids should experience a real increase of about 24% by 1987, based upon the market research firm's study. Total sales, which fell from $1.24 billion in 1981 to $1.09 billion last year, should reach $1.34 billion by 1987.

Centrifugal and turbine pumps account for about 65% of the market and the remainder is divided almost equally between reciprocating, metering and rotary pumps.

Shipments of U.S.-made valves for hazardous liquid applications fell to $685 million in 1983 from $720 million in 1982 and is expected to rise to $855 million in 1987, the study said.

Frost & Sullivan expects ball and butterfly valves to be increasing their share of the market in hazardous liquid uses. □

Indicators . . .

For the second month in a row the indicators are mixed. After falling slightly in October, the November *NIDA-SIDA Industrial Distribution Index* rose 1.7% to 121.0. The largest single increase was recorded in the eastern region, up 5.7% to 129.8, and the only decline was registered in the southern region, down 1.4% to 123.6. The *NIDA-SIDA Industrial Supply Inflation Index* moved up to 155.5 in November . . . The *SIDA Monthly Sales Trend Report* for October recorded a slight increase of 0.91 points over the previous month while showing sales to be 7.82 points ahead of October, 1982. Year-to-date figures have 1983's sales 3.33 points behind the previous year . . . The *ASMMA New Order Index* rose 1.6 points to 106.6 in October, up 1.5% from September . . . According to the American Machine Tool Distributors' Assn., sales of new machine tools in the U.S. by distributors fell 9.8% in October as compared to September and the *Distributors New Orders Trend* (a 12 month moving average) posted its sixth consecutive increase as it registered a 0.8% increase in October over the previous month. Sales of metal cutting machine tools fell 9.6% in October, while metal forming machine tool sales dropped 11.4% . . . Net new orders for machine tools were up 30.3% in October when compared to September, and shipments rose 9%, reports the National Machine Tool Builders Assn. Compared to October, 1982 totals, October, 1983's orders were up 70% while shipments were down 29% . . . The National Welding Supply Assn.'s *Welding Supply Index* dropped to 155.9 in October from the previous month's 159.5. Despite the decline, the October reading is considered strong . . . The National Wholesale Hardware Assn.'s *Hardware Sales Index* moved to 107.5 for October, up from September's 103.6. However, average daily sales were down 2.2% for October when compared to the previous month . . . *The Purchasing Managers' Composite Index*, prepared by the National Assn. of Purchasing Management, registered 62.9% in November, up from 61.2% in October.

REGIONAL REPORT

November sales at high mark

Sales figures for November '83 compared to November '82 indicate an increase of 17% nationwide, the highest percentage gain since the recovery in industrial distribution began last May.

All of the regions reporting show healthy gains in double digits. The Mountain region indicates exceptionally strong gains for both specialists and general liners, while New England, Upstate New York and East North Central continue their good gains of the previous month.

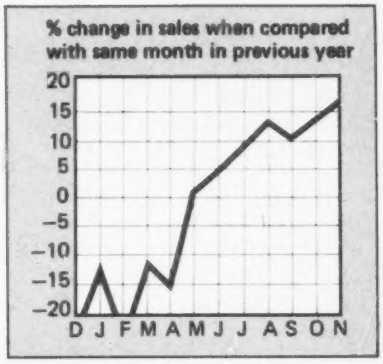
The first 11 months of '83 compared to '82 indicates most regions of the country have overcome the poor first quarter and, in some cases, the first half of '83 with good gains in the second half. Not all regions are home free, however, as the West North Central and the Middle Atlantic still show negative figures. Both these regions had negative results in this category in both September and October.

In month-to-month reporting, the rate of improvement in sales seems to have leveled off. The country as a whole indicates 0 or even. This compared with a figure of – 1 for both September and October. It is expected that if the recovery is slowing, these figures will dip deeper into the negative area in the next few months, as the rate of sales gains diminishes.

Receivables show little change in average days outstanding when compared to '82, as well as to last month's figures. The lowest figures are in the Pacific and South Atlantic; the highest, Middle Atlantic.

RECEIVABLES*	Nov. '83 Gen.	Nov. '83 Spec.	Nov. '82 Gen.	Nov. '82 Spec.
New England	39	49	42	53
Middle Atlantic	46	46	43	45
South Atlantic	39	36	35	37
East North Central	37	46	36	45
East South Central	40	—	38	—
West North Central	—	37	—	40
West South Central	—	—	—	—
Mountain	—	—	—	—
Pacific	34	39	35	41
National	39	42	38	45

*Average days outstanding



November sales hit recovery high . . .

SALES BY REGIONS (% change)	Nov. '83 vs Oct. '83 Gen.	Spec.	Both	Nov. '83 vs Nov. '82 Gen.	Spec.	Both	1st 11 mos. '83 vs 1st 11 mos. '82 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	+13	–2	+9	+17	+32	+21	–2	+7	+1
Connecticut	—	—	—	+26	—	—	–4	—	—
Massachusetts	–4	—	—	+7	—	—	–4	—	—
MIDDLE ATLANTIC: NY, NJ, PA	–3	+5	+2	+19	+14	+11	–10	–5	–7
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	–6	+8	+2	+10	+33	+22	–6	–1	–4
Pennsylvania	–11	–5	–8	+11	+13	+12	–10	+4	–3
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC, SC, VA, WV	+4	–7	–2	+27	+9	+18	+4	+9	+6
Georgia-Florida	—	–6	—	—	+6	—	—	+9	—
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	–2	+2	0	+24	+31	+27	+10	+8	+9
Indiana	—	+22	—	—	—	—	—	+25	—
Wisconsin	–14	+3	–2	+19	—	—	+5	+11	+9
Chicago	—	—	—	—	—	—	—	—	—
Michigan	–2	—	—	+5	—	—	+5	—	—
Ohio	–1	—	—	—	—	—	+14	—	—
EAST SOUTH CENTRAL: AL, MS, KY, TN	+8	—	—	+34	—	—	+1	—	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	—	+7	–8	–13	—	+16	–15	+3	–4
WEST SOUTH CENTRAL: AK, LA, OK, TX	0	–7	0	+16	–9	+16	—	–19	—
Texas	—	–16	—	—	+16	—	—	–19	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	–3	–22	–13	+36	+24	+30	+13	+4	+8
PACIFIC: CA, OR, WA	–1	+2	0	—	—	—	–2	+10	+4
L.A.-San Diego	—	—	—	—	—	—	—	—	—
Oregon-Washington	+2	0	+1	+14	+21	+18	–6	+5	0
U.S. TOTALS	0	0	0	+16	+19	+17	+2	+3	+3

NOTE

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Cov. 1, p. 3, 7, 18, 20, 35,

58-59.